

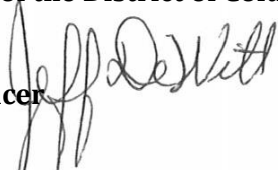
Government of the District of Columbia  
Office of the Chief Financial Officer



**Jeff DeWitt**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeff DeWitt  
Chief Financial Officer 

**DATE:** March 25, 2014

**SUBJECT:** Fiscal Impact Statement – “Better Prices, Better Quality, Better Choices for Health Coverage Amendment Act of 2014”

**REFERENCE:** Bill 20-240, Committee Print shared with the Office of Revenue Analysis on March 21, 2014

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**Conclusion**

Funds are sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill.

**Background**

The bill contains a number of amendments to the “Health Benefit Exchange Authority Establishment Act of 2011”<sup>1</sup> designed to address issues of health insurance choice, benefit levels, and market competitiveness in the District’s private health insurance marketplace (“DC Health Link”). These amendments include:

- Defining plan metal levels, and requiring insurers to offer a qualified health plan at the bronze metal level through DC Health Link (this exceeds the federal requirement that insurers offer qualified health plans at the silver and gold metal levels);
- Requiring insurer accuracy in any attestations made as a part of their filing for certification to participate in DC Health Link;
- Requiring insurers to offer at least one “standardized” qualified health plan in each metal level by 2015;
- Requiring that all qualified health plans offered by a single insurer be meaningfully different from one another (to protect residents from being confused or overwhelmed by a flood of “look-alike” policies);

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<sup>1</sup> Effective March 2, 2012 (D.C. Law 19-94; D.C. Official Code § 31-3171.01 *et seq.*).

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FIS: Bill 20-240, "Better Prices, Better Quality, Better Choices for Health Coverage Amendment Act of 2014," Committee Print shared with the Office of Revenue Analysis on March 21, 2014.

- Ensuring that all qualified health plans on DC Health Link are fully compliant with mental health parity guidelines;
- Ensuring that the prescription drug formularies for qualified health plans offered on DC Health Link have one or more drugs in each category and class;
- Requiring that all qualified health plans on DC Health Link will cover the benefits equivalent to the District's defined essential health benefits package with no substitutions;
- Allowing DC Health Link to carry an unlimited number of qualified health plans, and allowing those plans to carry services beyond the essential health benefits;
- Building a functioning and competitive insurance marketplace by determining deadlines for uninsured individuals and small businesses to purchase or change health coverage solely through DC Health Link;
- Defining habilitative services;
- Grandfathering health plans that meet federal requirements and were in place prior to March 23, 2010; and
- Requiring brokers who want to sell private health insurance on DC Health Link to complete training developed by the Health Benefit Exchange Authority ("the Authority").

### **Financial Plan Impact**

Funds are sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill.

The only provision of the bill that could impact the Authority's operations is the one requiring brokers who want to sell insurance through DC Health Link to complete training developed by the Authority. The Authority has already partnered with the National Association of Health Underwriters to develop and offer the training. Currently, the Authority is paying the 2014 training fees for brokers operating in D.C. who have resident licenses in D.C., Virginia, or Maryland from money earmarked for this purpose. Beginning in 2015, brokers will need to pay for the training themselves.<sup>2</sup> Because the Authority is already providing brokers training and the bill does not require the Authority to pay training fees, this portion of the bill does not have a fiscal impact.

The rest of the bill's provisions clarify how private health insurers will operate in the health insurance marketplace and do not change the staffing and resource requirements for the District; therefore, they do not have an implementation cost.

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<sup>2</sup> According to Purvee Kempf, Deputy General Counsel and Chief Policy Advisor of the D.C. Health Benefit Exchange Authority.